

**IOWA RACING & GAMING COMMISSION
MINUTES
AUGUST 20, 2015**

The Iowa Racing & Gaming Commission met on Thursday, August 20, 2015 at Riverside Casino and Golf Resort (RCGR), Riverside Iowa. Commission members present were: Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and Richard Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 8:30 AM, and moved to the approval of the agenda. He noted Agenda Item 8(2) was being withdrawn by Prairie Meadows Racetrack & Casino (PMR&C). He also advised the Commission is deferring Agenda Item 5, the final adoption of the rules pertaining to the Greyhound Cessation Fund. Chair Lamberti stated this is new territory for the Commission; the Commission made changes to the proposed rules following a Public Hearing to receive public comment. He noted the Commission continues to receive comments and needs additional time to take those into consideration.

Chair Lamberti called for a motion to approve the agenda with the above changes. Commissioner Mertz moved to approve the agenda as amended. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Welcome. Dan Franz, General Manager, welcomed the Commission to RCGR on behalf Elite Casino Resorts, Riverside Executive Management, Board of Directors and their employees. He thanked the Commission for providing them the opportunity to host the meeting. Mr. Franz stated the facility prides itself on becoming an entertainment destination in eastern Iowa. He noted the facility could not have become a reality without the commitment of the 365 Iowa-based investors and the Commission granting a license. He stated they have a great non-profit partner, Washington County Riverboat Foundation (WCRF), and look forward to continuing the relationship for many years. Mr. Franz introduced Mike Driscoll, President of WCRF.

Mr. Driscoll noted WCRF started distributing grants to non-profits in 2006, and has provided grants to hundreds of projects that have improved lives, communities and schools, not only in Washington County but throughout Southeast Iowa. Each summer, WCRF distributes mini-grants, which have a \$2,000 maximum grant for small non-profits. One such grant went to a church in Hills, IA to build a ramp at a family home who has a child confined to a wheelchair. Other recent distributions include \$750,000 to Halcyon House in Washington for a \$14 million dementia and Alzheimer health center. Mr. Driscoll stated their largest grant, \$2.5 million, went to the Washington County Community High School for a \$5 million auditorium. He noted that neither facility would have come to fruition without the support of RCGR and WCRF.

Chair Lamberti moved to the approval of the minutes from the July 9, 2015 Commission meeting and July 29, 2015 Public Hearing. Hearing no comments or changes, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the minutes from July 9, 2015 and July 29, 2015 as submitted. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Brian Ohorilko, Administrator of IRGC, for announcements. Mr. Ohorilko provided the following information regarding future Commission meetings:

- September 24, 2015 – Mystique Casino, Dubuque, IA (Submissions due by September 10, 2015)
- October 2015 – No Meeting
- November 19, 2015 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by November 4, 2015)
- December 2015 – No Meeting
- January 14, 2016 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by December 30, 2015)

He advised the Commission would be reviewing the license renewal applications for the pari-mutuel facilities at the September 24th Commission meeting.

Mr. Ohorilko recognized Scott Ditch, the Commission's Gaming Representative assigned to RCGR, and thanked him for his work on behalf of the Commission.

Chair Lamberti called on Caesar's Entertainment Corporation for an update on the bankruptcy proceedings. Lorraine May, legal counsel, advised the bankruptcy proceedings filed by Caesar's Entertainment Operating Company (Company) and related debtors is still pending in the Bankruptcy Court in Chicago. Operationally, the Company continues to have sufficient cash to meet ongoing obligations; and the bankruptcy proceedings have not interrupted the Company's operations. Ms. May stated the restructuring was intended to deleverage the Company's balance sheet and not impact day-to-day business.

Ms. May advised the Chapter 11 plan and related disclosure statement filed on March 2nd are still pending at this time as the Company pursues the reorganization and continues to build consensus among the stakeholders. On May 27th, the Bankruptcy Court entered an Order extending the Company's exclusive period to file a chapter 11 plan until November 15, 2015, and extended the Company's exclusive period to solicit acceptances of the plan until January 15, 2016. The Restructuring Support Agreement the Company entered into with certain senior creditors to right-size the balance sheet prior to commencing the bankruptcy case has been amended but reaffirms the support of a key creditor constituency. On July 20, 2015, the Company entered into a separate Restructuring Support Agreement with certain junior creditors, which is a significant step towards a consensual restructuring. The Company continues its discussions with other leading stakeholders. On July 22, 2015, the Bankruptcy Court denied the Company's action to stay certain related party litigation, including litigation against the parent company, Caesar's Entertainment Corp.) The Company has appealed the decision.

Hearing no comments or questions for Ms. May, Chair Lamberti moved to the review of the financial audit for Isle of Capri Bettendorf, L.C., Isle of Capri, Marquette, Inc. and IOC Black Hawk County, Inc. Sally Rogers, Senior Director of Finance for Bettendorf; Laurie Fisher, Director of Finance for Marquette, and Meagan Miller, Controller at Waterloo, were present to address the audit. Ms. Rogers stated combined investment in the Iowa properties was \$13

million during fiscal 2015. She noted the properties took advantage of some great pricing and placed \$3 million of new slot product on the gaming floors. Ms. Rogers stated this is the start of an exciting year for Bettendorf; they anticipate spending approximately \$4.9 million on the South Tower hotel renovation and the construction of the land-based facility. The combined investment of the two projects is estimated to be approximately \$68 million. Ms. Rogers stated the compiled audit was clean.

Chair Lamberti advised the Commission had taken note of the investment at the three Iowa properties, and were glad to see that.

Chair Lamberti moved to contract approvals, and called on HGI-Lakeside, LLC d/b/a Lakeside Hotel Casino (Lakeside). Bob Thursby, General Manager, presented a contract with Imagine This for promotional items.

Hearing no comments or questions regarding the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by Lakeside. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Dubuque Racing Association Ltd. d/b/a Mystique Casino (Mystique). Dustin Manternach, Chief Financial Officer, presented the following contracts for Commission approval:

- Aruze Gaming Corp. – Annual Slot Machine Leases and Purchases
- Lincoln Financial Group c/o Friedman Insurance – Employee Life, AD&D and STD Insurance Management Group

Hearing no comments or questions regarding the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Mystique. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar). Misty Wilburn, Director of Compliance, presented the following contracts for Commission approval:

- Sanders Hyland Corp. – Vessel Rubberized Decking Replacement
- WM of Iowa, Inc. – Removal of Waste and Recycling
- Interline Brands – Cleaning Supplies
- Scavuzzo's Inc. Beef and Pork Provider
- DB Construction – Construction Projects

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by Ameristar. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf, L.C. d/b/a Isle of Capri Bettendorf (IOCB). Nancy Ballenger, General Manager, presented a contract with MicAid Texas, LLC d/b/a M Partners as an advertising agency.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by IOCB. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri, Marquette, Inc. d/b/a Lady Luck Casino Marquette (LLCM). Don Ostert, General Manager, presented a contract with MicAid Texas, LLC d/b/a M Partners as an advertising agency.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by LLCM. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo (Isle Waterloo). Bari Richter, General Manager, presented the following contracts for Commission approval:

- Wilson Restaurant Supply – Restaurant Supplies – Equipment Repair
- Nagle Signs, Inc. – Signage Vendor
- Stich, Inc. d/b/a D & W Floor Covering – Carpet Vendor and Installer
- MicAid Texas, LLC d/b/a M Partners – Advertising Agency

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Isle Waterloo. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Rhythm City Casino, LLC d/b/a Rhythm City Casino. Joe Massa, Chief Operating Officer of Elite Casino Resorts, LLC, presented the following contracts for Commission approval:

- Builders Sales & Service Company – Construction – Framing, Drywall, Insulation Event Center and Exterior Framing
- CJ Moyna & Sons Construction – Construction – Grading
- Dodd Construction – Construction – Finish Carpentry
- Dodd Construction – Construction – LGM Framing, DW, Casino/Back of House
- East Moline Glass Company – Construction – Glass/Glazing
- Evergreen Landscaping Associates – Construction – Unit Paver – Porte Cochère
- Evergreen Landscaping Associates – Construction – Irrigation
- Estes Construction Company – Construction – Finish Carpentry
- Kone Elevators – Construction – Elevators
- Marsh USA, Inc. – Property and Liability Insurance/Bond Premiums

- Renaissance Granite & Quartz – Construction – Toilet Compartments
- Renaissance Granite & Quartz – Construction – Quartz Countertops
- Glenn Rieder, Inc. – Construction – Casework
- Riverside Casino & Golf Resort, LLC – Support Services (RP)
- UMR/United Healthcare Company – Medical and Flexible Spending Plan

Mr. Massa advised all of the contracts are related to the construction of the land-based facility in Davenport.

Chair Lamberti asked how the construction project was progressing. Mr. Massa stated that with the approval of the above contracts approximately 98% of the construction contracts have been awarded. He noted there have been some rain issues, but feels those are being caught up. He distributed pictures of the construction site as of August 19th. Mr. Masa stated four floors of the hotel have been poured; the parking lot and hotel structure are planned for the 23rd of September, and steel for the casino portion is starting to come out of the ground.

Commissioner Mertz asked about a completion date. Mr. Massa stated they are hoping to be open by Memorial Day 2016.

Hearing no further comments or questions for Mr. Massa, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by Rhythm City. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on RCGR. Dan Franz, General Manager, presented the following contracts for Commission approval:

- Fuerste, Carew, Juergens & Sudmeier, P.C. – Professional Services
- Kluesner Construction, Inc. – Asphalt Overlay and Repair of Driveway
- Lane & Waterman, LLP – Professional Services

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by RCGR. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Grand Falls Casino & Golf Resort, LLC d/b/a Grand Falls Casino & Golf Resort (GFCGR). Sharon Haselhoff, General Manager, presented the following contracts for Commission approval:

- Bally Technologies – Gaming Leases and Equipment
- Sun Life Assurance Company – Insurance Premiums

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by GFCGR. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, presented a contract with Cummins-Allison Corp. for the purchase of a Jet Scan MPS Model 4115 for the count room.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by DJ. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented the following contracts for Commission approval:

- Cummins-Allison Corp. – Purchase New Equipment for Cage and Soft Count; Annual Service Contracts to Maintain Equipment
- Heartland Power Coop – Electrical Service for Casino
- Loffredo Fresh Produce – Purchase Produce and Other Food Items for Casino Restaurants
- USA Security, Inc. – Maintenance Contracts, Software and Hardware Upgrades for Surveillance Equipment

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by DJW. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Pang noted the Commission approved several vendors at the July 9th Commission meeting for the conversion of the facility from propane to natural gas. He advised that Young Plumbing and Heating had been selected as the contractor, and Goodwin Tucker as the sub-contractor. He indicated the project will hopefully be completed in October.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (HRHCSC). Dan Welch, Table Games Supervisor, presented the following contracts for Commission approval:

- The Agency Group – Talent Agent
- Buzz Creative Group, LLC – Marketing Agency (RP)
- Jones Family Farms, LLC d/b/a Clausen's Nursery – Property Maintenance

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by HRHCSC. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer and Derron Heldt, General Manager and Director of Racing respectively, were present to address the agenda items.

Mr. Heldt advised the recently completed thoroughbred meet was very good. He noted on track handle was down approximately 3%, or about \$192,000; but off track handle was up 19%, or approximately \$4.7 million. Field size was down slightly from last year – 7.3 versus 7.4. Mr. Heldt stated there were three catastrophic injuries out of 4,350 horses that started; the national average is about 1.9 horses per 1,000 starts. He noted PMR&C was well below the national average at .068. He stated the track surface was very safe for the thoroughbred horses and jockeys.

Mr. Heldt provided the following highlights from the Festival of Racing, which was held the last weekend of June. Several of the top owners, trainers and jockeys from around the country participated. The leading jockey in New York and the country, Javier Castellano, was here; as was the top leading trainer by wins, Karl Broberg. The second leading trainer by wins, Todd Fletcher, sent a horse from New York that won one of the major stakes races. Mr. Heldt noted that a local horse, Ghost Rocket, owned by Dream Walkin Farms, whose principal owner is Toby Keith, also ran during the Festival. Mr. Keith was at the Festival to watch the race and signed autographs.

Mr. Heldt stated the final weekend of racing is the Iowa Classic, which feature all Iowa-bred horses. There were seven stakes races that evening; Mr. Heldt stated the races were very competitive. Mr. Heldt stated the current 2-year old crop is the best he has seen over the last 15 years; there is good depth with three or four good horses in each division.

Mr. Heldt noted the transition between the thoroughbred meet and the quarter horse meet is tough, but they have worked hard over the last few years and have tweaked the process to help it go smoother. He noted they have had two days of quarter horse racing. There are approximately 550 horses on the backside, and they are expecting another 50-75 horses. There are currently 15 trainers, and additional trainers will arrive in the next ten days. Mr. Heldt stated the on and off track handle were both good on Saturday night; as was the attendance.

Hearing no questions for Mr. Heldt, Mr. Palmer presented the following contracts for Commission approval:

- Bally Gaming, Inc. (ShuffleMaster) – Gaming Equipment and Supplies
- Bankers Trust Company – Revolving Loan
- Bolton and Company – Jockey's Accident Insurance
- C & T Design – Food Service Equipment and Design Services
- Care Ambulance – Ambulance and Emergency Medical Services
- Delta Dental of Iowa – Employee Dental Insurance
- Doll Distributing – Beer and Other Products
- DRF Holding, LLC (Daily Racing Form) – Racing Form Publication
- Farner Bocken Company – Candy, Food, Tobacco and Other Supplies
- Global Payments – Casino Guest Check Cashing Services
- Global Payments – Casino Guest Credit Card Services
- Global Spectrum – Suite License and Advertising Agreements

- GTECH USA, LLC (Spielo) – Gaming Equipment and Supplies
- IGT – Gaming Equipment and Supplies
- Iowa Alcoholic Beverages – Purchase of Liquor Products
- McGladrey, LLP – GP Dynamics Accounting Software and Support
- Metro Waste Authority – Waste Disposal
- Nalco Company – Water Treatment Chemicals and Equipment
- Paycom Software – HR/Payroll System Software Agreements and Processing
- US Foods – Food, Equipment and Supplies
- Wellmark Blue Cross Blue Shield of Iowa – Employee Medical Insurance
- WMS Gaming – Gaming Equipment and Supplies

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by PMR&C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to Public Comment and called on Wes Ehrecke, President of the Iowa Gaming Association. Mr. Ehrecke distributed a document that shows how the gaming dollars received by the state are distributed. The document is shared with the legislators and media.

As there was no Administrative Business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK